

ANZ-ROY MORGAN SOUTH KOREA CONSUMER CONFIDENCE

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SOUTH KOREA CONSUMER CONFIDENCE EDGED UP IN OCTOBER

HIGHLIGHTS

- ANZ-Roy Morgan South Korea Consumer Confidence rose by 0.3pts to 83.4 in October. South Korean Consumer Confidence is now at its highest level for over a year since September 2014 (86.7).
- In terms of personal finances now 11.2% (up 1.0ppt) of respondents said their families are 'better off' financially than this time last year, compared with 42.2% (up 0.6ppt) that said their families are 'worse off'.
- Now just over a quarter of respondents, 25.8% (up 1.6ppts), expected their family will be 'better off' financially this time next year, while 34.4% (down 0.8ppt) expected their family to be 'worse off' financially.
- Thinking of economic conditions in South Korea going forward, just over a fifth, 23.2% (down 0.2ppt) of respondents, expected South Korea will have 'good times' economically over the next 12 months (the highest record for this indicator since October 2014), compared with 59.0% (down 2.6ppts), that expected 'bad times' economically (the lowest level since October 2014).
- Over the longer-term, 37.2% (down 1.1ppts) of respondents expected South Korea will have 'good times' economically during the next five years, and slightly more, 42.0% (up 0.8ppt), expected 'bad times' for South Korea.
- Now 34.0% (down 1.4ppts), of respondents said it is a 'good time to buy' major household items, while slightly more, 36.6% (up 0.2ppt) said it is a 'bad time to buy' major household items.
- The inflation expectations rose to 2.5% (up 0.2ppt) in October.

ANZ'S SENIOR ECONOMIST RAYMOND YEUNG SAID:

"Household sentiment continues to hold up after the end of MERS, even though the level of consumer confidence (83.4) remains one of the lowest amongst Asian economies we are covering. The GDP figures released last week also indicated the strength of private consumption, contrasting to the contraction of exports. For South Korea, domestic demand will continue to hold the fate of growth in the near term.

Today's figure supports our prediction that the Bank of Korea (BOK) will likely keep interest rate on hold in November, which is consistent with the BOK's relatively positive view on domestic recovery. However, the overall growth prospect remains very challenging and global policy environment is still highly uncertain. Against this backdrop, the monetary policy stance of Korea will maintain an easing bias over the next 12 months. Rate cuts are still on the cards."

You can find the ANZ-Roy Morgan Consumer Confidence series on Bloomberg:

CN: ALLX CHOANZ <GO>
ID: ALLX IDANZ <GO>
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Previous ANZ-Roy Morgan Consumer Confidence reports for Australia and other countries can be accessed on ANZ Live.

FIGURE 1. ANZ-ROY MORGAN SOUTH KOREA CONSUMER CONFIDENCE INDEX

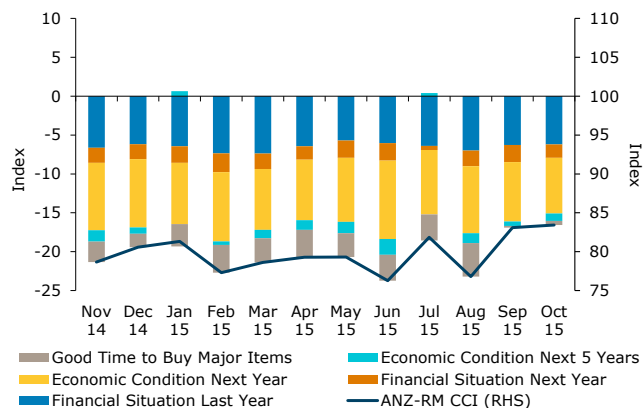
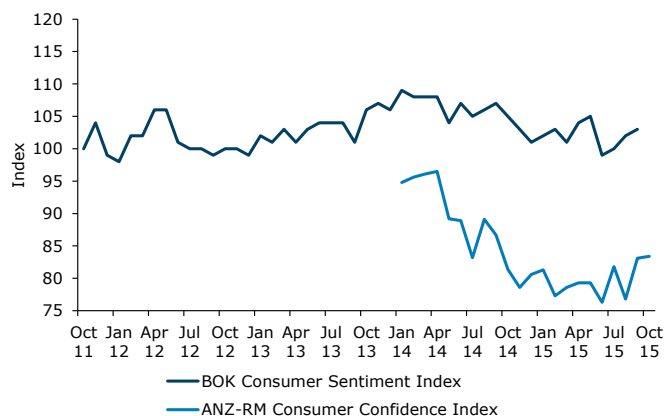


FIGURE 2. ANZ-ROY MORGAN SOUTH KOREA CONSUMER CONFIDENCE VS BOK CONSUMER SENTIMENT INDEX



Source: Roy Morgan, ANZ Research

FIGURE 3. ANZ-ROY MORGAN SOUTH KOREA CONSUMER CONFIDENCE

		May 15	Jun 15	Jul 15	Aug 15	Sep 15	Oct 15
ANZ-Roy Morgan Consumer Confidence Index		79.3	76.3	81.8	76.8	83.1	83.4
Sub-Index							
1. Financial situation compared with a year ago	Balance	-28.5	-30.2	-31.9	-35.0	-31.4	-31.0
	Better off, %	12.6	10.8	10.7	10.0	10.2	11.2
	Worse off, %	41.1	41.0	42.6	45.0	41.6	42.2
2. Financial situation next year	Balance	-11.1	-11.2	-2.7	-10.0	-11.0	-8.6
	Better off, %	25.2	23.9	28.1	23.3	24.2	25.8
	Worse off, %	36.3	35.1	30.8	33.3	35.2	34.4
3. Economic conditions next year	Balance	-41.2	-50.4	-41.4	-43.1	-38.2	-35.8
	Good, %	19.5	16.6	21.6	20.4	23.4	23.2
	Bad, %	60.7	67.0	63.0	63.5	61.6	59.0
4. Economic conditions next 5 years	Balance	-7.3	-10.2	2.0	-6.4	-2.9	-4.8
	Good, %	36.0	35.8	40.7	35.9	38.3	37.2
	Bad, %	43.3	46.0	38.7	42.3	41.2	42.0
5. Now a good time/bad time to buy major items	Balance	-15.3	-16.7	-16.8	-21.5	-1.0	-2.6
	Good, %	26.3	25.5	27.4	24.8	35.4	34.0
	Bad, %	41.6	42.2	44.2	46.3	36.4	36.6
Inflation expectation	%	2.6	2.8	2.6	2.5	2.3	2.5

Source: Roy Morgan, ANZ Research

OBJECTIVE

ANZ-Roy Morgan Consumer Confidence Survey is a survey of South Korea's consumer sentiment and expectations. The results are presented in the form of a headline Consumer Confidence Index and Inflation Expectation. Conventionally, economists rely on 'hard' economic data, such as retail sales, in assessing the sentiment of households. However, there are often time lags between the collection and release of data by the national statistical authorities. Therefore, ANZ and Roy Morgan develop this consumer confidence index and aim to release the results in the same month the survey is conducted.

DATA COLLECTION

The survey elicits respondents' expectation of inflation and prices. Data are collected from samples of at least 1,000 people per month (12,000 per annum) by telephone. The robust, representative sample is quota-controlled by gender and age. Disaggregation is available by age, gender, household income, occupation, education, employment status and area.

SURVEY QUESTIONS

As opposed to other consumer sentiment surveys, one distinctive feature of the ANZ-Roy Morgan survey is its elicitation technique. More importantly, the questions ask about confidence in economic and financial situations – not about feelings. In the core consumer confidence survey, five categories of core questions such as economic wellbeing, financial conditions, price level, and inflation expectation are being asked.

CONSUMER CONFIDENCE INDEX

ANZ-Roy Morgan Consumer Confidence Index is a diffusion index. The index indicates the relative strength of 'good' versus 'bad' or 'better off' versus 'worse off'. The index is computed through taking the arithmetic mean of the net balances (% saying good minus % saying bad) of the five core questions and adding 100. It is a very transparent methodology. As the study is conducted consistently in every data collection, the change of the index can provide a good gauge of consumer confidence over time.

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